

## Greater Flagstaff Forests Partnership

1300 S. Milton Rd. # 218

Flagstaff, Az. 86001

Comments regarding the Environmental Portfolio Standard Rules (A.A.C. R14-2-1618).

### **1. A discussion of increasing Environmental Portfolio Standard (“EPS”) funding levels.**

The Greater Flagstaff Forests Partnership (GFFP) believes that the funding levels should be commensurate to assuring a viable biomass energy industry in Arizona capable of producing in the initial phases 15 MW of cumulative power, with incremental increases based on market opportunities. Funding levels should support this level of commitment for biomass energy as a part of an appropriate mix of renewable sources including solar, wind, geothermal, and others deemed appropriate by the Commission. GFFP also believes and supports a public discussion on appropriate levels of power generation to assure an equitable playing field for renewable technologies.

### **2. Elimination of the EPS expiration date.**

This is the most important issue for GFFP and we believe the expiration date should be eliminated and consideration given for Power Purchase Agreements to be greater than a 10 year term. These changes are necessary to promote financing opportunity and investment recapture. If not eliminated, the expiration date should be set at least 15 to 20 years out, beyond the current date of 2012.

### **3. Restoration of Demand Side Management (“DSM”) funding.**

The GFFP supports the restoration of DSM funding as long as it is over and above the funding levels necessary to support a viable biomass energy industry in Arizona.

### **4. Allocation of funding among various technologies.**

The GFFP does not necessarily see a need to specify funding allocations in the rules, however we would not oppose such a move. We believe that all renewables have a rightful place within the Standard and that allocations could and probably should vary over time depending on viability of certain projects and their accompanying variables. The rationale for this position involves the future uncertainty of technological advances within any one resource area, unknown timing of projects, and keeping a certain flexibility to allow for market opportunities and other possible changes. We recognize that non-specific allotments may complicate investment potential and would yield if other experts demonstrated sufficient evidence to warrant specific allocations among the various technologies.

## Greater Flagstaff Forests Partnership

1300 S. Milton Rd. # 218

Flagstaff, Az. 86001

### **5. Whether or not Arizona can and should increase its commitment to renewable energy by increasing the surcharge and the portfolio percentage.**

The GFFP supports an increase in the surcharge and an increase in the portfolio percentage. We recognize that a surcharge increase may be politically sensitive to some, however it seems appropriate (at a level to be determined by specialists) to jumpstart some newer energy producers (like biomass) and to assist other technologies (like solar) in reducing its overall kWh costs relative to other technologies.

We also support an increase in the portfolio percentage. Other Western states are on the way to a much higher percentage of overall power than 1.1%. When an APS representative stated that 1.1% was roughly 50MW and would provide power for 25,000 homes, it struck us that biomass energy could produce up to 50MW easily. Without an increase in the overall percentage, a practical mix of technologies is more difficult to achieve.

### **6. Review of the requirements for the phase-in of renewable technologies found in A.A.C. R14-2-1618 B. 3. Review whether the approach of static percentages is still justified and if so, whether those percentages should be reconfigured.**

The GFFP does not have a position on the phase-in of technologies at this time. The GFFP is skeptical of the need for static percentages, but would like to learn more about the rationale for static percentages during the initial development of the EPS.

### **7. Consideration of inclusion of new and emerging technologies as part of the review of the appropriate resource mix.**

The GFFP is primarily interested in the advancement of biomass energy without a reduction of efforts in other technologies currently underway (e.g. solar and wind). We do not oppose researching the viability of new and emerging technologies, but our main interest in the advancement of a proven biomass industry within the context of a true renewable mix.